

Message Text

LIMITED OFFICIAL USE

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ACTION NEA-11

INFO OCT-01 ISO-00 SP-02 ICA-11 AID-05 EB-08 NSC-05
TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 PA-01 L-03 /094 W
-----010201 200410Z /23
R 171259Z MAY 78
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 3163

LIMITED OFFICIAL USE TEL AVIV 6362

E. O. 11652: N/A
TAGS: EFIN IS
SUBJ: ISRAEL BALANCE OF PAYMENTS - CAPITAL ACCOUNT

REF.: TEL AVIV 5141

1. BEGIN UNCLASSIFIED

ISRAEL CENTRAL BUREAU OF STATISTICS HAS RELEASED DATA ON
BALANCE OF PAYMENTS CAPITAL ACCOUNT. COMPLETE TABLE,
INCLUDING CAPITAL ACCOUNT, WILL BE TRANSLATED AND
POUCHED NEA/IAI. SUMMARY OF CAPITAL ACCOUNT FOLLOWS
(\$ MILLION):

	CY 77	CY 76	CY 75
CAPITAL EXCL. ASSETS OF CENTRAL BANKING INSTI- TUTION (NET)	577	1061	2022
OF WHICH:			
PRIVATE SECTOR	MINUS 59	207	475
GOVERNMENT SECTOR	591	952	1323
MONETARY SECTOR	45	MINUS 98	224
ASSETS IN FOREIGN CURRENCY AND RELATED LIABILITIES OF			

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CENTRAL MONETARY INSTITUTION:
(MINUS SIGN INDICATES IN-
CREASES IN ASSETS) MINUS 237 MINUS 27 148
TOTAL CAPITAL MOVEMENTS
(NET) 340 1034 2170
STATISTICAL DISCREPANCY 216 58 121
CAPITAL MOVEMENTS ARE GIVEN ON A NET BASIS, AND COMPONENTS

(E.G., ISRAEL BOND SALES, DRAWDOWNS OF US LOANS) ARE NOT
YET AVAILABLE IN DETAIL.
END UNCLASSIFIED

2. BEGIN LIMITED OFFICIAL USE:

COMMENT: THE BALANCE OF PAYMENTS DEFICIT ON GOODS
AND SERVICES HAS BEEN SHARPLY REDUCED BETWEEN 1975 AND
1977, DECLINING FROM \$4.061 BILLION TO \$2,560 BILLION.
THEREFORE, THE GOI HAS NOT NEEDED MASSIVE CAPITAL FLOWS
AS BALANCING ITEMS. IT IS CLEAR FROM EARLIER PERFORMANCE
THAT ISRAEL COULD BORROW AT LEAST \$600 MILLION ANNUALLY
FROM COMMERCIAL BANKS IF IT SO DESIRED. IN FACT, IT
BORROWED ONLY AN ESTIMATED \$350 MILLION FROM COMMERCIAL
BANKS IN 1977 AND STILL MANAGED TO INCREASE BOI RESERVES.
HAD IT CONTINUED TO BORROW AT EARLIER LEVELS, THE RESULT
WOULD HAVE BEEN A LARGE AND RATHER EMBARRASSING INCREASE IN
BOI RESERVES, WHICH ARE ALREADY AT A COMFORTABLE LEVEL. LEWIS

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NNN

Message Attributes

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Channel Indicators: n/a
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Control Number: n/a
Copy: SINGLE
Draft Date: 17 may 1978
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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition History: n/a
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Status: NATIVE
Subject: ISRAEL BALANCE OF PAYMENTS - CAPITAL ACCOUNT
TAGS: EFIN, IS
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